

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4424
September 18, 2003**

RESOLUTION

**(RES. W- 4424), GREAT OAKS WATER COMPANY (GOWC). ORDER
AUTHORIZING A TEMPORARY SURCHARGE TO RECOVER
UNDERCOLLECTIONS IN ITS WATER PRODUCTION AND
PURCHASED POWER BALANCING-TYPE MEMORANDUM
ACCOUNTS, PRODUCING AN ANNUAL INCREASE IN REVENUE
OF \$304, 914 OR 3.11%.**

SUMMARY

By Advice Letter No. 157-W, filed on July 30, 2003, GOWC seeks revision of its tariff Schedule No. 1, General Metered Service, to add a surcharge of \$0.055/Ccf (One Ccf is equal to 100 hundred cubic feet) over a 36-month period to provide an increase in total revenues of \$914,741, to recover undercollections in its water production and purchased power balancing-type memorandum accounts accrued from November 30, 2001 to December 31, 2002. This increase is a result of increased costs for water production and purchased power occurring after GOWC's then-present rates became effective. This resolution authorizes the requested increase. The rate increase will not result in a rate of return greater than that authorized for GOWC.

BACKGROUND

GOWC serves approximately 20,150-metered services in south San Jose, Santa Clara County.

Ordering Paragraph No. 1 of Decision No. 03-06-072, in Rulemaking No. 01-12-009, dated June 19, 2003, requires utilities requesting recovery of existing balancing-type memorandum accounts beginning November 30, 2001, to file advice letters within 90 days. In compliance with those orders, GOWC filed Advice Letter No. 157-W requesting authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset the uncollected balances as of December 31, 2002, in its water production of \$675,678 and purchased power of \$232,630 balancing accounts, plus related interest of \$1,528 on power and \$4,905 on the pump tax totaling \$914,741.

GOWC's present rate schedule, No. 1, General Metered Service, became effective on December 7, 1999, pursuant to Res. No. W-4174, which authorized an offset increase in rates to offset an increase in pump tax. Special Condition No. 2, of Schedule No. 1 became effective on April 8, 2003, pursuant to Res. W-4386, which authorized a surcharge to recover undercollection in its purchased power balancing account.

DISCUSSION

GOWC proposes a temporary surcharge of \$0.055/Ccf for a 36-month period to recover the total undercollection balance in its purchased water and purchased power balancing accounts of \$914,741, or \$304,914 annually, representing 3.11% of total revenue. The Water Division has reviewed GOWC's request along with its supporting workpapers and finds it to be reasonable. In view of this, it recommends authorization of the surcharge of \$0.55/Ccf for 36 months. Since the requested increase is caused by expenses directly related to water consumption the surcharge is applied to water use. During the amortization period, the proposed surcharge will raise the typical residential customer's monthly bill (with a 1-inch meter and using 15 Ccf/mo.) by \$0.055 or 3.11%. The Water Division has reviewed the request with supporting workpapers submitted by GOWC and finds it reasonable.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action. GOWC earned a rate of return on a recorded basis of 8.28% in 2002, which does not exceed its last authorized rate of return of 10.56%.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in The San Jose Mercury News newspaper of general circulation on July 30, 2003, as evidenced by a Proof of Publication provided to the Water Division by the utility. There were no protests concerning the proposed increase.

FINDINGS

1. GOWC filed Advice Letter No. 157-W to recover under-collections in its purchased power and purchased water balancing-type memorandum accounts as required in Decision No. 03-06-072.
2. Water Division has reviewed the advice letter and supporting workpapers and finds them reasonable.

3. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Great Oaks Water Company is authorized five days after the effective date herein, to make effective revised rate Schedule No. 1, General Metered Service, attached to Advice Letter No. 157-W, and to concurrently cancel the presently effective rate Schedule No. 1.
2. Great Oaks Water Company is directed to keep maintaining its balancing-type memorandum accounts as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 18, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners